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DIRECTORATE OF  
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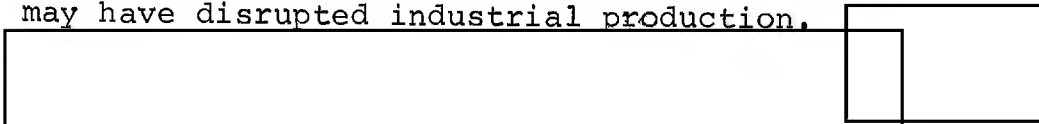
USSR: A continuation of low rates of industrial growth during the third quarter of 1969 suggests that the growth rate of industrial production for the full year may well be the lowest since World War II.

Civilian industrial production during the first nine months of 1969 is estimated to have grown by only 4.7 percent. In the third quarter of the year, moreover, Soviet industrial production failed to maintain the slight rally begun in the second quarter.

A small increase in the rate of growth of industrial materials in the third quarter compared to that of the first half of the year was due to higher growth in the output of fuels, electric power, and ferrous metals. Other important industrial materials such as forest products as well as civilian machinery and consumer nondurables, however, registered moderate slowdowns.

An improvement in the diet of city dwellers is unlikely in the near future. The output of the Soviet food industry remains at the same level as in the corresponding period of 1968, while the output of livestock products remains somewhat below that of last year.

The moderate relapse in the third quarter may be due in part to the tactics used in gathering the harvest. A greater than normal diversion of machinery and manpower to the agricultural sector may have disrupted industrial production.



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Spain: Franco's shake-up of the cabinet will give economic specialists a preponderant role in domestic and foreign affairs.

The assignment of portfolios has shifted emphasis toward technocrats favoring economic modernization and ties with Europe, but the military and the government's National Movement, or Falange, are still represented. Entry by Spain into the European Common Market or NATO, however, will probably have to wait until Franco is no longer in office.

The more sophisticated personality of the new Foreign Minister, Gregorio Lopez Bravo, should make day to day relations with the US smoother than under his predecessor Castiella. Nevertheless, his appointment is not likely to result in major substantive changes in the future of the US bases in Spain.

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Sudan: Revolutionary Command Council President Numayri has further consolidated his control in Khartoum.

General Numayri's assumption of the prime minister's portfolio effectively establishes the military's predominant role in the government. The former civilian prime minister, Awadallah, presumably was removed because of his recent statement that the Communists were essential for the success of the revolution, a reference bringing into question the regime's characterization of its rule as "nationalist." Other cabinet changes suggest a lessening of Communist influence in the government.

One of Numayri's first official acts in his enlarged role will be to lead a Sudanese delegation to the anniversary celebrations in Moscow next month. While there, Numayri can be expected to discuss the status of the expanding Soviet economic and military aid programs to Sudan.

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Bolivia: The government is being forced to shut down part of its petroleum operations.

Since its holdings were expropriated two weeks ago, the Gulf Oil Company has refused to buy and transport the crude oil stored at Arica, Chile. This has caused the shutdown of the pipeline to Arica and the cessation of operations in at least two of Gulf's former oil fields.

The government reportedly has offered Gulf a deal whereby the company would purchase the crude oil from the government. Twenty-five percent of the price paid would be returned eventually to Gulf as compensation for its expropriated property. Gulf officials, however, have made no final decision on the offer.

The government, meanwhile, is searching for other markets for its oil, particularly in Brazil and other countries in Latin America. In its quest for new markets, the government is faced with the problems of transportation and of finding refining facilities equipped to handle Bolivian oil. Most Latin American refineries would have to make substantial adjustments before being able to process the high gravity Bolivian crude oil.

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Dominican Republic: President Balaguer's strong stand against his political foes will probably strengthen radical opposition to the government.

In a nationwide speech on Tuesday, Balaguer banned further outdoor rallies by the Dominican Revolutionary Party (PRD), the country's major opposition party. The President claimed that the PRD's "dictatorship with popular support" thesis almost amounted to the party declaring itself illegal and unconstitutional. Balaguer also announced that the radio program of the far rightist Quisqueyan Party would be kept off the air until the party ceased its attempts to promote "military dissatisfaction."

Balaguer may have taken this stand because he has overestimated the opposition's potential for violent action. He has also been under some pressure from elements of the military to be tougher on terrorist-prone radicals.

Whatever his motivation, the moves amount to at least limited repression and will probably strengthen the claim of PRD radicals that revolution is the proper course of action. Moreover, these actions will deepen the split in the already strife-torn party. Balaguer's tactics will also support the opposition's contention that his primary aim is simply to limit dissent and pave the way for his own re-election next year.

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NOTE

East Germany - West Germany: Pankow's initial reaction to Chancellor Brandt's policy statement suggests that the East Germans plan to study it carefully before committing themselves to a substantive position. Short news reports of the statement were issued by the official party daily and by the East German news agency, ADN. They were free of polemics, merely summarizing some of the main points. They failed, however, to mention Brandt's offers to negotiate with the East Germans and the Soviets, although the party paper mentioned the overture to the Poles. The reports noted without comment Brandt's remark about not extending to East Germany "recognition under international law," while devoting half of the space to the chancellor's remarks on domestic policy. For the basically uninformed East German public, this story will give the impression that nothing has changed in Bonn.

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